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UTILIZATION AND MARKETING

MONTANA FOREST PRODUCTS BULLETIN

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GARY G. BROWN, State Forester

PAUL MOORE, Editor

VOL. 16, NO. 2

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THE LAST ISSUE

THIS WILL BE THE LAST ISSUE OF THE MONTANA FOREST PRODUCTS MARKETING BULLETIN THAT YOU WILL RECEIVE. As of July 1, 1991 the Department of State Lands will no longer be publishing this bulletin. Also technical utilization assistance for logging contractors and primary processors will be discontinued on that date. These decisions were reached through an internal review of the Forestry Division's missions, program priorities and available resources.

After July 1, 1991 all requests pertaining to sawmilling, timber harvesting, and forest products marketing should be made to Vern Meyer, State & Private Forestry, USDA-Forest Service, P.O. Box 7669, Missoula, Montana 59807. Phone (406) 329-3388.

Those interested in obtaining the Montana Log Price Report, or Montana Specialty Log Price Report published in this Bulletin, can obtain updates by contacting The Bureau of Business and Economic Research, University of Montana, Missoula, Montana 59812. Phone (406) 243-5113.

MONTANA'S LOG HOME INDUSTRY

Montana's log home industry has grown substantially in recent years and, while it processes only about 1.5 percent of the timber harvested in the State, it employs an estimated 500 to 700 full- and part-time workers.

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Today Montana's log home industry ranks among the largest in the United States, is substantially larger than the log home industry in any of the other western states, and produces homes not only to serve local populations, but for sale in national and international markets.

PRODUCTS. Three types of house logs are produced in Montana--hand hewn, machine-planed or machine-lathed and sawn.

Markets for Montana's log homes have changed substantially since 1976. In 1976, 23 percent of the $13.4 million sales of Montana's log home industry were to Montana customers, with 37 percent of the sales to other Rocky Mountain states including Arizona, Colorado, Idaho, Nevada, New Mexico, Utah and Wyoming. Another 20 percent of the sales were in the far western states including California, Oregon and Washington. The remaining 20 percent of the sales were to other parts of the United States, primarily the Midwest and the South. In 1976, no Montana mills reported log home sales to consumers in other countries.

By 1981, Montana's log home industry was clearly dealing in markets throughout the United States. During 1981 only 16 percent of the industry's $13.5 million in sales were to Montana consumers, 24 percent were to other Rocky Mountain states, and 21 percent to far western states.

In 1988 Montana's log home industry processed approximately 20 million board feet Scribner of timber, a relatively small amount in comparison to the sawmills and plywood plants, which processed about 1.2 billion board feet that year.

The log home industry requires a relatively specialized timber product for a house log. Timber normally processed at sawmills and plywood plants may not be suitable for house log processors who have less stringent requirements for checks, but generally more stringent restrictions on the amount of crook--abrupt bends in the logs, or sweep--curves in the logs (Moore, 1988). The high price paid for timber by the log home industry indicates that suitable timber for house logs is in short supply. To illustrate, the mainstay of Montana's house log industry has been dead lodgepole pine. The industry provides a premium market for "the right kind" of dead lodgepole pine. In June 1989, the spot market price for green lodgepole pine sawlogs delivered to Montana sawmills was about $180 per thousand board feet Scribner. In contrast, dead lodgepole pine timber suitable for house logs was over $250 per thousand board feet Scribner.

In 1981 and 1988, lodgepole pine accounted for 62 percent and 64 percent respectively of the timber used by the Montana's log home industry. Douglas-fir, western larch, western redcedar and Engelmann spruce, combined with lodgepole pine, accounted for more than 97 percent of the timber processed into house logs in Montana in 1988.

PROCESSING AND EMPLOYMENT. In addition to premium prices paid for delivered logs, two related factors make Montana's log home industry more important than processed volumes might indicate. These are the degree of processing that takes place in the State and the high degree of employment associated with a given volume of timber processed.

Most of Montana's wood products industry processes timber directly into primary products, such as lumber, which are then shipped out of the State for construction or further use by manufacturers. For example, more than 85 percent of the lumber and plywood produced in the State is shipped elsewhere for further processing or use.

In contrast, virtually all house logs manufactured in Montana in 1988 were further processed within the State into predesigned home shells or complete homes. The shells or complete log homes were then shipped to their destination for construction. There are very few mills which only manufacture timber into individual house logs and virtually all of these sell the manufactured logs to log home plants in the State.

OUTLOOK. The industry should enjoy continued growth because it no longer faces the obstacles it did in the past years--lack of financing, lack of building codes, few architects who understand log construction, etc. Log homes are not a passing fad. Their underlying quality has been proven.

From a market standpoint, Montana's log home industry looks healthy. Not only does the national market look good, but some of the country's largest and most reputable producers are in the State.

The biggest problem producers face is the current shortage of timber. It is not clear if this will be a long-term or temporary complication, but a sharp decline in the National Forest timber sale program over the last three years, and plans by one of the State's largest log home facilities to build a manufacturing plant in British Columbia closer to its major raw material source, are signs worthy of concern.

For an up-to-date listing and description of Montana's log home industry, contact the Montana Department of State Lands, Forestry Division, 2705 Spurgin Road, Missoula, Montana 59801.

Source: Montana Business Quarterly; Vol. 28, No. 3.

HOUSE BILL 906

The 1991 Montana Legislature passed House Bill 906 that amended Sections 76-13-408 and 76-13-414 MCA of the State Slash Law. This bill increases the fees paid under the Fire Hazard Reduction Agreement and the Master Fire Hazard Reduction Agreements to establish a forestry extension service special revenue account for the Montana university system. The new fee will increase slash withholding by fifteen cents per thousand board feet to $6.75 per thousand board feet. The law goes into effect July 1, 1991 and covers all existing and new Fire Hazard Reduction Agreements.

All forest products purchased July 1 and after must be withheld under the new rate structure. Information and new mill withholding forms will be sent to purchasers prior to July. Each Agreement and master attachment has a maximum amount of $20,000 per calendar year that can be withheld for the Forestry Extension Special Revenue Account. For more information, contact Sheri Medow Smith, Department of State Lands, phone (406) 542-4300.

HARVESTING DEMONSTRATION

A timber harvesting demonstration to minimize the impacts on grizzly bear habitat is being sponsored by the U.S. Forest Service. In today's world of controversy, debate appeals and new perspectives, this wildlife improvement demonstration will provide an excellent opportunity to observe what "cut-to-length" harvesting can do to lessen environmental impacts while still managing the timber base.

July 11 is the big kick-off to show the news media timber harvesters and forwarders at work. July 12 is "technical" day for those interested more in what the equipment can do. Those attending will see how as much as 50% of road systems can be reduced in relation to conventional harvesting systems. You will also see how temporary roads, skid trails and log landings can be eliminated.

Both days will start from Augusta at approximately 10:00 a.m. If you are interested in attending, or would like more information, please call Seth Diamond, Rocky Mountain Ranger District. Phone (406) 466-5341.

FREE SUBSCRIPTION TO AMERICAN LUMBER AND PALLET

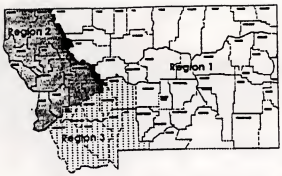
FREE to every sawmill and pallet mill in America! A monthly issue of American Lumber and Pallet. If your sawmill or pallet mill is not receiving American Lumber and Pallet you can change that right now by calling (800) 992-3432 and we will put you on our mailing list free-of-charge, or you may write to: American Lumber and Pallet, P.O. Box 1136 Fayetteville, TN 37334. If you write, please make sure to tell us if you are a sawmill or pallet mill or both and include, if available, your telephone and fax number.

INLAND EMPIRE DRY KILN ASSOCIATION

The Inland Empire Dry Kiln Association will be holding a meeting June 15, 1991, 9:00 a.m. to 4:00 p.m., at the Louisiana-Pacific Sawmill in Walla-Walla, Washington. All interested persons are invited to attend. For more information, contact Peter Steihagen, Forest Products Department, University of Idaho, Moscow, ID 83843. Phone (208) 885-6802.

MONTANA LOG PRICE REPORT

The State-wide Log Price Report on the following page, catalogs recently delivered average log prices to sawmills by species using three geographical areas within Montana. Prices are provided by approximately 35 sawmills operating within Montana. The report is compiled through the University of Montana, Bureau of Business and Economic research, in Missoula, Montana.



Bureau of Business and Economic Research
University of Montana
Missoula, Montana 59812

MONTANA SAWLOG AND VENEER LOG PRICE REPORT

Based on a survey of mills
January - March, 1991

The following information is a summary breakdown of recent past average prices reported by primary wood processors for logs of the various species listed. These prices are not necessarily a reflection of current market prices. Fair market prices may vary a great deal based on log size, length, quality, contract size and terms, and a number of other factors. All information reported is recent average price per thousand board feet (MBF), Scribner Decimal rule, delivered to the mill site, unless otherwise noted.

SAWLOGS Scribner Dec C MBF	REGION 1			*	REGION 2			*	REGION 3			*
	Avg.	Low	High		Avg.	Low	High		Avg.	Low	High	
Ponderosa pine	143	125	155	F	////////////////			///	160	143	176	F/P
(Yellow)	////////////////			///	327	230	350	G	////////////////			///
(Bull)	////////////////			///	210	150	240	G/F	////////////////			///
Lodgepole pine	135	125	144	G	218	180	262	G	196	190	200	F
Douglas-fir	178	135	220	G/F	208	185	236	G	196	190	200	F
Western larch					204	180	236	G/F				
Engelmann spruce	135	125	144	F	222	195	262	G	196	190	200	F
Subalpine fir					203	175	220	G/F	190	180	200	F
Grand fir					203	175	220	F				
Western red cedar					262	220	300	G				
Hemlock					201	150	220	G/F				
White pine					343	300	375	G				
Cottonwood												

VENEER LOGS Scribner Dec C MBF	STATEWIDE REPORT			
Species	Avg.	Low	High	Demand next 60 days*
Douglas-fir	253	230	265	F/P
Ponderosa pine (Bull)	200	195	205	F
Western larch	253	230	265	F/P
Engelmann spruce	235	220	250	G/F
Other species	215	210	220	G/F

* Demand Next 60 days
G = Good
F = Fair
P = Poor

MEETINGS

Fuel Pellet Production Conference, August 7-9, 1991, Indianapolis, Indiana. Two-day technical program for existing operators and one-day session for firms considering entry into the pellet business. Sponsored by the Fiber Fuels Institute. Phone (218) 720-4319.

Lumber Drying Workshop, August 5-9, 1991, University of California at Berkley. This workshop is intended for dry kiln operators and supervisors of the lumber drying operations. It will also be helpful to salesmen, fabricators, and others involved in drying lumber. The workshop will identify how drying practices can be modified and improved to reduce costs and improve quality. For more information contact Tom Breiner (415) 231-9487.

Rocky Mountain Forest Industries Conference, September 12-13, 1991, Missoula, Montana. Co-sponsored by the Inland Empire Section, Forest Products Research Society. According to Jim Poxleitner, Program Chairman, the meeting will center around secondary wood products manufacturing issues. Poxleitner stated "We're going to get at the root of why secondary wood products manufacturing is slow in developing in Montana. We'll discuss political issues as well as manufacturing obstacles and opportunities."

Forest Industry Computer Workshop. For those sawmills and logging companies located in Eastern Montana. The States of Wyoming and South Dakota are planning a computer training workshop on forest industry software to assist the wood products industry. These software programs are those developed at the Forest Products Laboratory in Madison Wisconsin. The training will be given at the Black Hills State College in Spearfish, South Dakota. For more information contact Ray Sowers, South Dakota Division of Forestry, phone (605) 773-4260 or Rex Johnson, Wyoming State Forestry Division, phone (307) 777-7586.

Timber Bridge Workshop. A timber bridge workshop sponsored by the Montana Rural Technical Assistance Program (RTAP) will be held in Missoula on September 11, 1991. The workshop is sponsored in cooperation with the USDA Forest Service. The purpose is to provide an introduction to the use of wood as an alternative to concrete and steel bridge material. Topics to be addressed include 1. The design, construction and maintenance of timber bridges; 2. Specifications Standards & Cost comparisons; and 3. Suitability, treatability and performance testing of natural timbers.

The sessions are directed to county Department of Transportation officials, engineers, consultants, contractors and suppliers of wood products.

For more information contact, John Hopkins, Director (RTAP), Department of Civil and Agricultural Engineering, Montana State University, Bozeman, Montana. Phone (406) 994-6100 or Vern Meyer, USDA Forest Service, P.O. Box 7669 Missoula, MT 59807. Phone (406) 329-3388.

PUBLICATIONS

"Sustaining Site Productivity on Forest Lands--A User's Guide to Good Soil Management". This publication is recommended for those involved in natural resource activities associated with timber harvesting. This easy-to-understand book will give the reader an enlightened perspective to good soil management. Copies can be ordered for $5.00 from the Division of Agriculture and Natural Resources, University of California, 6701 San Pablo Avenue, Oakland, California 94608-1239. Phone (415) 642-2431.

A copy of the following publications can be obtained by contacting the Marketing Bulletin Editor:

Montana's Log Home Industry: Development and Current Status, Keegan, Wishman, Larson, Van Hooser, April 1991, Research Paper INT-440.

Bibliography of FPL Tropical Forest Utilization Research-1910 to 1989, Forest Products Laboratory, General Technical Report, FPL-GTR-66.

Venval A Plywood Mill Cost Accounting Program, Henry Spelter, Forest Products Laboratory, General Technical Report, FPL-GTR-68.

Stress Class Systems-An Idea Whose Time Has Come?, David W. Green, David E. Kretschmann, Forest Products Laboratory, Research Paper, FPL-RP-500.

Grooving Tropical Wood Species for Kiln Drying, William T. Simpson, Charlie K. Baah, Forest Products Laboratory, Research Note, FPL-RN-0256.

Choosing and Applying Fire Retardant Treated Plywood and Lumber for Roof Designs, Susan LeVan, Mary Collet, Forest Products Laboratory, General Technical Report, FPL-GTR-62.

Foreign Terminology and Trade Handbook for the Wood Products Industry, prepared by matter Engineering, Ltd. and published by the Oregon Department of Forestry.

EQUIPMENT AND PRODUCTS FOR SALE OR WANTED

For sale--1 Greeley Timber Insizer 2" x 4" to 22" x 24". Contact Robinson Forest Products, Kalispell, MT (406) 752-6029 evenings.

Wanted--Rough sawn 2 x 4 through 2 x 12 Douglas fir and Western Larch, R/L 8-20' or straight 8' stock. Please call Mike Kahnle at QB Corp. Phone (208) 756-4248.

For Sale--Kiln dried Oak & Cherry 1 truck each of 6/4 FAS Red Oak, 6/4 #1 Red Oak, 4/4 FAS Red Oak, 4/4 #1 Red Cherry, 4/4 #2 Cherry. Contact Tim Webber, Germain Timber Company, Pittsburg, PA 15215. Phone (412) 782-3240.

Wanted--Mills that can produce 5 x 6 22' & 24' Rough Ponderosa Pine or Lodgepole. Also Fir and Spruce dimension and boards graded dry. Contact Lake States Lumber Inc., P.O. Box 310, Aitkin, MN 56431 or phone (218) 927-2125.

For Sale--Spruce, Jack Pine, Red Pine, White Pine in logs or processed for resaw. Call (705) 869-4785 or Fax (705) 869-1559.

Timbers Wanted--All sizes and lengths from Blocking Grade to Select Car Stock. We arrange trucking and mill inspection. Advise if you can surface. Contact W. Preston Germain or Karen at Germain Timber Co. Phone (412) 782-3240 or Fax (412) 781-2551.

Precision Sawmill System Inc. in Superior, Montana has developed a High Speed Chopping system that cuts tree length material to log lengths with great speed and accuracy. This system has 2 - 36" saw blades set 8' 3" apart. The tree length stem is loaded between 4 - 18" diameter steel drums, a "zero" trim cut is made and then the operator selects one of 8 pre-programmed sets that determine cut up lengths.

The electronic measurement system totally eliminates the usual hydraulic bump stops or gates normally associated with many log cut-up systems. The 8 sets can be any length and be re-programmed in less than 2 minutes.

The electronic chop, saw when direct-coupled with the computer controlled log sorting system, allows a single operator to merchandize up to 1000 logs per hour, depending on stem input and size length. For more information contact Peter Martin, Box 194, Superior, Montana 59872. Phone (406) 822-4378.

For sale--Cable Skidders, 1988 Timberjack 240B, $33,500; 1974 Tree Farmer C4D 353 GM Can Car 20, $10,500; 1973 Tree Farmer C4D New Ford Engine, $9,000; Grapple Skidders, 1987 Dual Arch Grapple to Fit TJ 380A's & 1987 Clark 667D GM 453T Diesel, 100" Tongs $34,500; 1982 Timberjack 380 Dual Arch 100" Tongs $21,000; Shears & Others, 1982 Franklin 170 Poser Shift Loader, 20" HydroAx Head, $28,000; 1979 Caterpillar 340 6A Dir Inj Rebuilt $$5,500; 1979 Barco 40 Yard Porter GM 353 Diesel $8,800. For more information on this and other equipment, contact Midwest Tractor, Inc. Hwy 10, 4 miles West Big Lake, MN 55309. Phone Ron Berthiaume, (612) 263-3777 or eves. (612) 295-5037.

ROUGH MILL COST CUTTER

Cost Cutter is a PC-based software tool used to help reduce costs in the sawmill. Cost Cutter uses linear programming techniques along with lumber yield research to obtain an optimal, or least-cost, mix of lumber grades required to produce a cutting bill.

Cost Cutter may also help provide cutting bill cost information for preparing cost estimates and bids. Because Cost Cutter reports the amount of lumber needed to fill your cutting bill, it may also be useful for lumber scheduling and purchasing. Cost Cutter has been designed and developed for users with little or no outside training. A users manual provides all of the information you need to gather data and perform an analysis. To obtain a copy of the user's manual and software, or for more information, contact The Mississippi Forest Products Laboratory, P.O. Drawer FP, Mississippi State, MS 39762-5724. Phone (601) 325-2116.

TIMBER HARVESTS FROM PRIVATE LANDS IN MONTANA

The 1990 timber harvest on the following page was the third highest on record for non-industrial and industrial private lands. The harvest data is collected annually through the State's hazard reduction agreements. Excluded from this data are harvests on State and Federal public lands.

BOARD FEET CUT FROM PRIVATE LANDS--CALENDAR YEARS 1981-1990

COUNTY	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Beaverhead	127,610	1,309,890	2,628,300	652,460	553,890	1,734,581	2,878,577	3,192,720	3,017,286	893,933
Big Horn	695,573	867,087	1,210,108	451,376	526,253	1,600,210	1,900,609	3,056,020	736,370	9,600,144
Blaine	---	---	---	---	---	---	---	---	---	88,579
Broadwater	3,809,859	1,395,322	3,445,976	4,148,484	1,169,027	1,313,976	1,523,957	850,781	804,456	1,490,004
Carbon	---	---	---	---	---	77,295	128,490	111,190	29,847	---
Carter	93,105	---	---	---	---	---	471,730	1,441,068	---	---
Cascade	1,182,050	526,077	347,900	382,569	5,740	518,630	1,935,836	4,822,155	2,852,517	7,061,969
Chouteau	879,580	---	378,400	1,642,230	234,070	1,029,060	7,086,457	6,937,360	3,390,216	455,000
Custer	---	---	---	---	---	---	---	17,804	282,544	14,303
Deer Lodge	5,690	2,109,500	2,790,444	619,519	172,110	1,069,654	6,833,635	5,420,720	2,694,553	7,717,302
Fergus	5,013,960	5,092,535	7,929,742	9,094,330	7,200,976	6,968,360	10,660,927	9,039,040	10,476,461	14,553,527
Flathead	84,280,483	92,999,443	99,480,525	86,929,968	103,974,797	134,971,440	138,705,495	137,291,405	132,499,683	118,877,062
Gallatin	3,943,270	8,169,732	13,829,636	18,799,601	17,013,867	16,987,217	25,208,259	23,756,177	14,595,464	13,116,637
Glacier	---	---	---	26,870	---	---	---	269,080	610,704	784,527
Golden Valley	---	---	---	---	250,000	---	450,310	816,476	415,023	1,616,870
Granite	13,163,526	18,043,444	19,200,257	13,885,080	13,207,419	21,835,275	22,934,355	13,793,942	19,591,216	20,673,342
Hill	41,490	---	---	---	---	---	---	---	4,527,865	4,962,307
Jefferson	6,097,429	1,454,757	4,344,179	5,062,657	4,951,915	6,152,852	3,478,305	5,820,375	4,500,526	5,253,844
Judith Basin	1,186,666	---	---	---	---	---	---	25,000	951,105	1,230,594
Lake	9,703,800	9,173,865	17,148,992	8,921,319	12,009,968	15,270,106	11,421,058	13,338,174	24,526,826	25,671,440
Lewis & Clark	16,120,532	9,097,288	18,347,465	18,152,461	18,053,277	11,835,458	8,919,563	9,658,551	13,438,806	4,193,864
Lincoln	97,422,707	102,992,643	134,233,398	136,211,951	100,901,189	163,882,963	152,257,051	107,017,352	137,162,667	123,616,840
Madison	4,724,093	10,899,700	10,420,233	17,036,337	22,740,426	24,521,806	13,922,240	11,116,915	11,034,283	6,847,630
Meagher	11,166,973	7,238,075	6,895,415	7,072,859	4,478,775	2,833,089	9,095,224	5,954,848	3,726,211	11,884,510
Mineral	10,806,262	16,882,626	18,576,242	13,575,563	11,100,791	20,374,530	25,516,886	9,067,471	13,558,321	8,620,533
Missoula	68,611,442	96,886,054	83,781,514	101,418,784	126,319,439	147,091,497	114,622,187	117,446,414	121,056,968	101,350,312
Musselshell	943,050	903,860	4,852,660	1,186,770	1,376,141	2,408,554	921,694	1,061,111	1,464,794	2,357,512
Park	7,370,574	9,060,089	12,541,033	19,638,065	10,162,027	15,382,233	16,356,747	12,599,780	11,513,943	7,540,193
Petroleum	---	---	---	---	---	---	---	---	46,770	28,065
Powder River	842,808	363,683	1,220,450	---	---	---	1,040,838	8,199,269	2,824,505	5,760,345
Powell	30,516,395	29,890,844	27,426,137	33,311,212	38,181,014	41,239,905	38,146,297	33,907,496	22,017,655	30,875,335
Ravalli	1,457,810	3,439,423	1,739,235	1,221,604	2,934,030	3,340,188	12,528,065	9,493,406	13,021,584	52,264,599
Rosebud	---	---	---	191,523	215,133	233,180	1,170,163	2,218,799	1,377,190	2,438,724
Sanders	51,064,540	62,875,094	74,648,951	53,921,063	61,870,853	62,354,040	55,875,341	46,321,314	51,596,854	85,946,602
Sheridan	---	---	---	---	---	---	---	350,000	---	---
Silver Bow	258,860	166,217	624,841	389,405	496,118	1,417,755	1,003,456	2,683,038	3,302,138	3,001,959
Stillwater	618,409	197,620	---	---	---	---	---	---	182,171	1,568,060
Sweetgrass	1,808,380	397,161	696,370	1,123,030	882,090	239,860	365,750	---	1,909,205	1,018,865
Treasure	---	---	---	292,390	53,000	---	---	---	795,274	3,145,700
Wheatland	---	---	---	219,458	291,300	1,300,000	---	---	133,110	78,820
Yellowstone	---	---	---	---	---	42,385	---	1,412,170	---	938,586
TOTALS	434,010,926	492,432,029	568,738,403	555,578,938	561,325,635	708,026,099	687,359,502	608,507,421	636,663,111	687,422,438
Percent Change Previous Year	- 7.0%	+ 13.5%	+ 15.5%	- 2.3%	+ 1.0%	+ 26.1%	- 2.9%	- 11.5%	+ 4.6%	+ 8.0

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